

CHELAN COUNTY, WASHINGTON
January 1, 1992 Through December 31, 1992

Schedule Of Federal Findings

1. The County Should Monitor Subrecipients In Accordance With Federal Guidelines

As noted in our prior audit report, Chelan County has not monitored subrecipients of federal grants in accordance with federal regulations. The county lacked sufficient subrecipient monitoring procedures to identify all subrecipients and ensure the timely receipt and review of audit reports; whether federal assistance funds had been spent in accordance with federal laws; whether corrective action was needed on any findings or questions costs; or whether the county's records needed to be adjusted as part of the audit resolution. The following were identified during the audit as 1992 subrecipients of federal financial assistance:

<u>Subrecipient</u>	<u>Federal Program</u>
Pentad Private Industry Council	Job Training Partnership Act
The Center for Alcohol and Drug Treatment	Block Grant for Prevention and Treatment of Substance Abuse
Chelan-Douglas Together for Drug Free Youth	Drug Free School and Communities

OMB Circular A-128 sets forth subrecipient monitoring requirements as follows:

State or local governments that receive Federal financial assistance and provide \$25,000 or more of it in a fiscal year to a subrecipient shall:

- a. determine whether State or local subrecipients have met the audit requirements of this Circular and whether subrecipients covered by Circular A-110, "Uniform Requirements for Grants to Universities, Hospitals, and other Nonprofit Organizations," have met that requirement;
- b. determine whether the subrecipient spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subrecipient made in accordance with this Circular, Circular A-110, or through other means (e.g., program reviews) if the subrecipient has not yet had such an audit;
- c. ensure that appropriate corrective action is taken within six months after receipt of the audit report in instances of noncompliance with Federal laws and regulations;

- d. consider whether subrecipient audits necessitate adjustment of the recipient's own records

Failure to adequately monitor subrecipient contracts results in lack of assurance that such contracts are properly administered and that costs charged are allowable, and could jeopardize future federal funding.

During 1993 the county modified its arrangement with Pentad Private Industry Council so that the county no longer serves as the pass-through agency. However, no similar arrangement was reached with the other subrecipients and no significant steps were taken to meet the subrecipient monitoring requirements for the county's 1992 fiscal year.

We recommend the county establish and implement procedures to ensure that requirements for monitoring subrecipients in accordance with OMB Circular A-128 have been met.